

International standardization and legislative support of valuation activities in Ukraine: problems of adaptation

Keith Howe, professor, DePaul University, Chicago, USA, Momot T.V., doctor of economics, professor, Frolova S.S. Kharkiv National University of Municipal Economy

Legislative situation that has prevailed in the Ukrainian state is not conducive to providing effective valuation activities. Today there are a number of problems, including lack Code of Ethics for professional evaluation activity (compared to Russian and International standards) series of standards and methodological standards slow down the process enforcement's and hamper understanding of the regulatory framework for appraisers.

Thus, the problems of valuation activities were researched by many Ukrainian and Russian economists, for example, O.C. Melikov, N.M.Honcharova, V.I Pazynychem, L.A Svistun, N.O. Titarenko, A.M. Poruchnyk. Ukrainian and Russian researchers replicated the experience of their foreign colleagues in most of their developments. Indeed, the international legal framework is characterized as more structuring and covers more areas of valuation activities.

Primarily has compared the International Financial Reporting Standards (IFRS 1, 2, 3), the international accounting standards (IAS 16, 17, 32, 37, 39, 40), Business Valuation Standards, Russian Federal Law «On valuation activities in the Russian Federation "Russian federal standards, the Law of Ukraine "On regulation of valuation activities in Ukraine ", Ukrainian national standards (1, 2, 3, 4).

Public scrutiny and principles of Ukrainian legislation are designed, in the same time as principles of Russian legislation are in the developing process. The first standards in Ukraine have appeared in 2003, that is several years earlier than in the Russian Federation. Russian standards are more detailed and more structured, while the order of evaluation of intellectual property, valuation property complexes, and evaluation of real estate in Ukraine have been already developed, and are found in the development process in Russian Federation.

It should be noted that the law of Ukraine "On regulation of valuation activities in Ukraine" is more detailed and structured than the Russian equivalent.

The 1-st of February, 2013 Ukrainian legislation has introduced further changes Draft Ukrainian Law "On Amendments to the Law of Ukraine "On the valuation property, property rights and professional activities in Ukraine "

International Financial Reporting Standards have completely different structure than Ukrainian and Russian standards, for example, motives, the main features and changes. All Business Valuation Standards have the following characteristics: independence requirement (payment must be independent of the appraised value), and the minimum requirements for reports.

Thus, we can make a conclusion, that the regulatory framework needs to be improved constantly because of the globalization processes. Ukrainian legislation should be more closer to adapting to international standards for the successful implementation mechanism of the relevant laws in practice.

